

Corrected

Carrier: Sen. Beyer

HB 2009 B STAFF MEASURE SUMMARY
Senate Committee On Housing and Development

Action Date: 05/06/21

Action: Do pass with amendments to the A-Eng bill. (Printed B-Eng.)

Vote: 3-2-0-0

Yeas: 3 - Golden, Jama, Patterson

Nays: 2 - Anderson, Linthicum

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

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Meeting Dates: 4/15, 5/6

WHAT THE MEASURE DOES:

Renews temporary mortgage payment deferral and foreclosure protections for specified borrowers during emergency through June 30, 2021. Authorizes two, three-month extensions by Governor. Prohibits default for nonpayment if borrower notifies lender of lost income from COVID-19 during emergency. Stays foreclosures initiated during emergency. Exempts lenders from participating in Oregon Foreclosure Avoidance Program. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- State and federal jurisdiction to regulate mortgage contracts and foreclosures
- Commercial lending
- Interest rates
- Profit margins in banking sector
- Federal capitalization requirements
- Percentage of mortgages retained or sold to secondary market
- Manufactured home mortgages
- Retroactive foreclosure protection
- First-time homebuyers
- Mortgage forgiveness
- American Rescue Plan Act funds and disbursement timeline
- Impact on community banks
- Balloon payments

EFFECT OF AMENDMENT:

Clarifies that borrower who does not provide lender with requested information is not disqualified from obtaining protections regarding default for nonpayment. Includes missing references to trustees in certain provisions on legal actions. Replaces certain references to deferral with references to forbearance in notice of relief options from lenders to borrowers. Incorporates correction of relief deadline and forbearance relief eligibility from CARES Act into relief options notice. Adds land sale contract forfeitures to conditions excluded from certain provisions.

BACKGROUND:

Federally backed mortgages are currently protected under a federal foreclosure moratorium and payment forbearance program. It is estimated that federally backed mortgages account for 70 percent of all mortgages. At the state level, House Bill 4204 (First Special Session of 2020), provided for temporary deferral of payments and protection from foreclosure for all residential and commercial borrowers through September 30, 2020, to keep people in their homes during the pandemic and to provide relief for both residential and commercial borrowers

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during the ensuing economic uncertainty. These protections were extended through December 31, 2020 by the Governor, via Executive Order 20-37. The U.S. Census Bureau's Pulse Survey for March 3rd through 15th indicates that approximately 65,000 Oregon households are behind on their mortgage payments.

House Bill 2009 B renews temporary mortgage payment deferral and protections from foreclosure for specified borrowers: those who own no more than five properties that each include four or fewer residential dwelling units. Protections apply through the end of the current emergency period, June 30, 2021, and the measure authorizes the Governor to extend the emergency period twice in three-month increments. During the emergency period, defaults are prohibited for failing to make mortgage payments so long as borrowers notify their lenders of lost income from the COVID-19 pandemic. Any foreclosures initiated during the emergency period will be stayed. The measure also changes the threshold to exempt a lender from participating in the Oregon Foreclosure Avoidance Program: currently, the exemption applies if a lender commenced no more than 175 foreclosures in the prior calendar year. House Bill 2009 B lowers the threshold in 2021 and 2022 to 30 foreclosures commenced in 2019; and in 2023 and subsequent years, the threshold will be 30 foreclosures commenced in the prior year.